

READING THE METER

July 2, 2020

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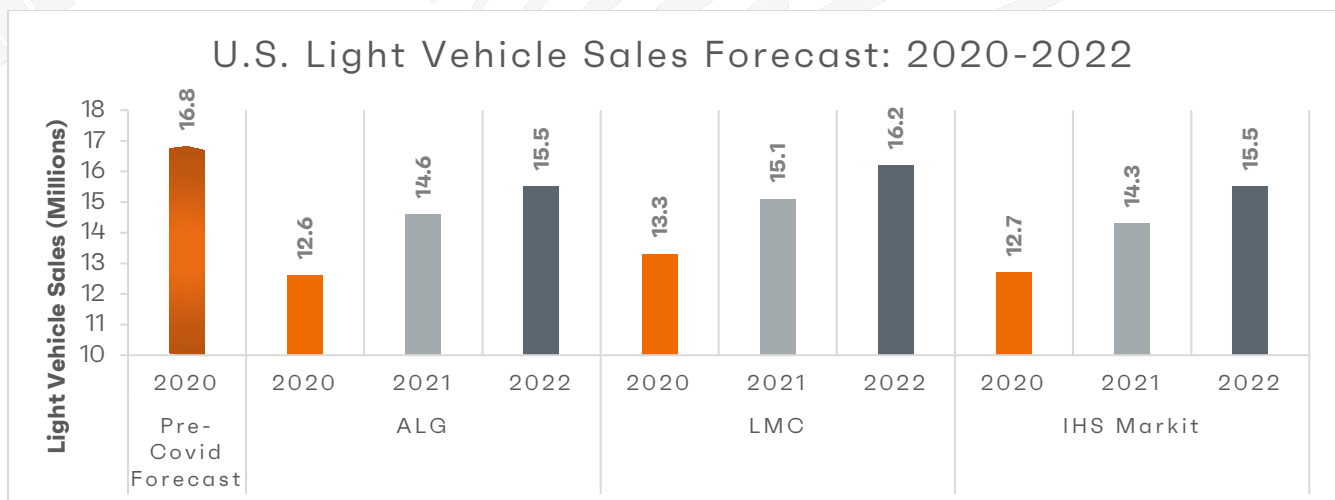
Forecast Meter

Forecast Summary (Updated 7/2)

2020 Sales, ⁱ Extended Sales Forecast ⁱⁱ and Production Forecasts ⁱⁱⁱ		
	U.S. Sales & Forecasts	North American Production
March	992,392 (-33% YoY)	1.01 million units (-34% YoY)
April	707,852 (-48.7%YoY)	8,463 (-99.4% YoY)
May	1,114,931 (-29.5% YoY)	248,602 (-83% YoY)
June	1,103,791 (-24% YoY)	N/A
1st Quarter	3,476,512 (-12.7% YoY)	3.86 million units (-11.7% YoY)
2nd Quarter	2,948,410 (-33.3% YoY)	1.43 million units (-67.5% YoY) Estimate
3rd Quarter Estimate	13-14M SAAR (-20%-26% YoY)	3.62 (-12.2% YoY) / 9.13 through September (-29.2 YoY)
2020 Full Year Estimate	12.6-14.3 million	12.3

U.S. Light Vehicle Sales Outlook (Updated 6/3)

Wards Intelligence^{iv}: “The forecast for U.S. light-vehicle sales in 2020 has been adjusted downward 100,000 units to 13.3 million, based on the latest from Wards Intelligence partner LMC Automotive. Related to tweaks to the economic outlook, the 2021 forecast also was downgraded 100,000 units and stands at 15.1 million. The 2020 revision adjusts for anticipated short-term inventory shortages caused by a combination of slower production ramp-ups and better-than-expected sales since the impact of the virus started in mid-March that will further limit product availability through the end of the third quarter. Although projecting demand for the remainder of 2020 remains a fluid exercise, currently, based on seasonally adjusted annual rates, sales are not expected to begin strong sequential growth until the fourth quarter.”



North American Production Outlook (Updated 7/2)

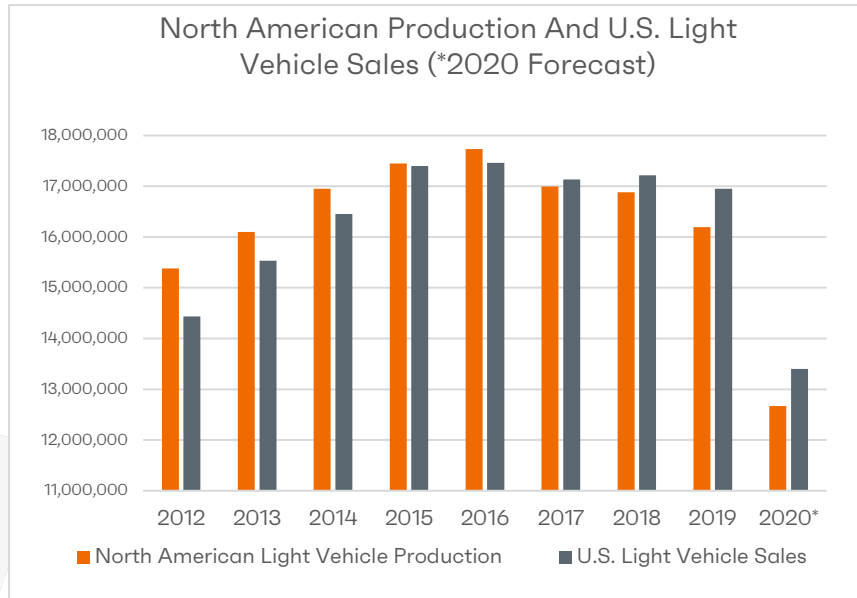
North America Production*:

“[W]ith automakers in general appearing to be doing a good job of ramping up production amidst precautions to keep workers safe on the factory floor, as well as take care of any breaks in the supply chain, the outlook for combined production of light-vehicles and medium-/heavy-duty trucks in the third quarter has been raised 196,200 units to 3.81 million, 7.5% below like-2019.

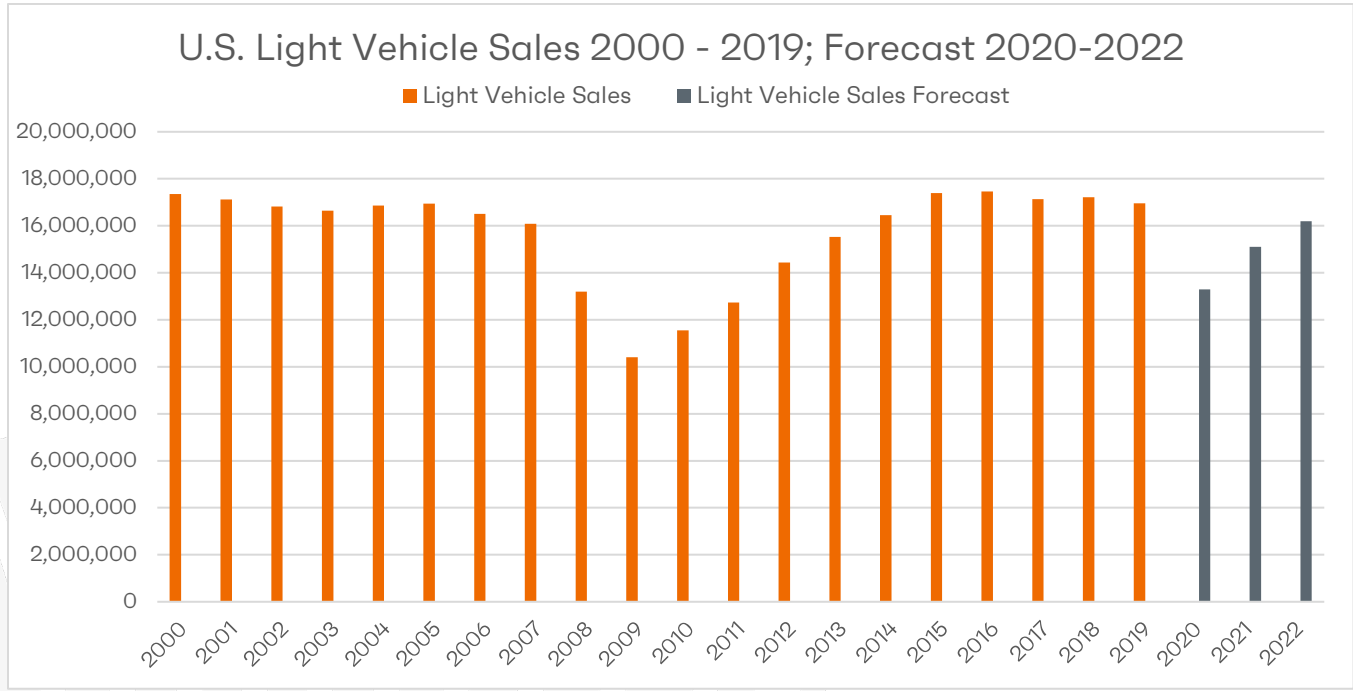
However, there was an offset in Q2 due to an underbuild from expectations in May that largely led to a 189,800-unit reduction to the April-June estimate, pulling down its total to 1.43 million, 67.5% below the same year-ago period.

The Q2 total included output of just 18,617 units in April, as nearly every assembly plant closed for the entire month due to the Covid-19 virus. Output in May total 264,978 units, down 83% year-over-year, and estimated June production of 1.14 million units is down 22.1%.

There still is expected to be some sluggishness throughout Q3 as manufacturers adjust factory output to Covid-19 conditions. Furthermore, while output will be boosted by the cancellation of vacation shutdowns at several plants, it also will be limited by some short- and long-term shutdowns, and gradual ramp-ups, at plants being retooled for major new or redesigned products, especially at Ford, General Motors and Nissan. Production through the first nine months of 2020 is projected to total 9.13 million units, 29.2% below 9-month 2019’s 12.89 million.”



Past 20 years of U.S. Auto Sales (New 7/2)



vi

Work Stoppage Meter

North American Assembly Facility Operating Status (Updated 7/2)

Most automakers have resumed production at plants across North America, but the extent to which production has ramped up or employment has been reinstated is unknown. The summary chart assumes full employment for those plants that have reopened. We will continue to monitor the operational status of assembly facilities.

To view the most updated information on plant operating status, please click [here](#).

North American Assembly Facilities (7-2-20)			
Country	Metric	Number	Percent of totals
U.S.	U.S. Employment	176,070	
	Closed 7/2/2020	-	0%
	Number of plants total	44	
	Number of plants Closed 7/2/2020	-	0%
Mexico	Mexico Employment	70,665	
	Closed 7/2/2020	19,968	28%
	Number of plants total	18	
	Number of plants Closed 7/2/2020	2	11%
Canada	Canada Employment	31,626	
	Closed 7/2/2020	-	0%
	Number of plants total	7	
	Number of plants Closed 7/2/2020	-	0%
North America	Total Employment	278,361	
	Closed 7/2/2020	19,968	7%
	Number of plants total	69	
	Number of plants Closed 7/2/2020	2	3%

Assumes full employment at open plants

Market Meter

U.S. Light Vehicle Sales (Updated 7/2)

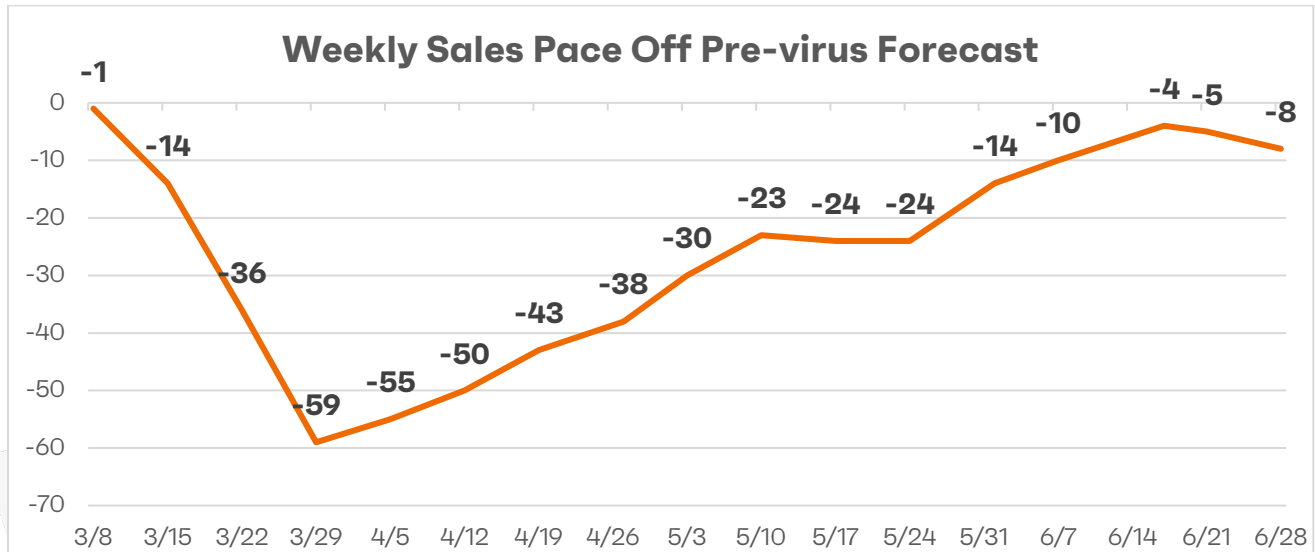
Weekly Sales^{vii}

J.D. Power Weekly Update: “Retail sales for the week ending June 28 were 8% below the pre-virus forecast. This result is 3ppts worse than the 5% below pre-virus forecast from the prior week’s result.

“Customer-facing transaction price increased \$36 from last week to \$34,903 on increased premium nameplate mix. The result for the week ending June 28 is 3.0% higher than the same week in 2019.

“Incentive spending per unit for the week ending June 28 was \$4,337, a decrease of \$6 from the prior week. 84-month APR mix of all retail sales fell a further 0.5ppts to 8.4%, its lowest mark since mid-March. Seven automakers quit supporting 84-month loan terms in June, leaving only five brands with supported 84-month terms in the market.

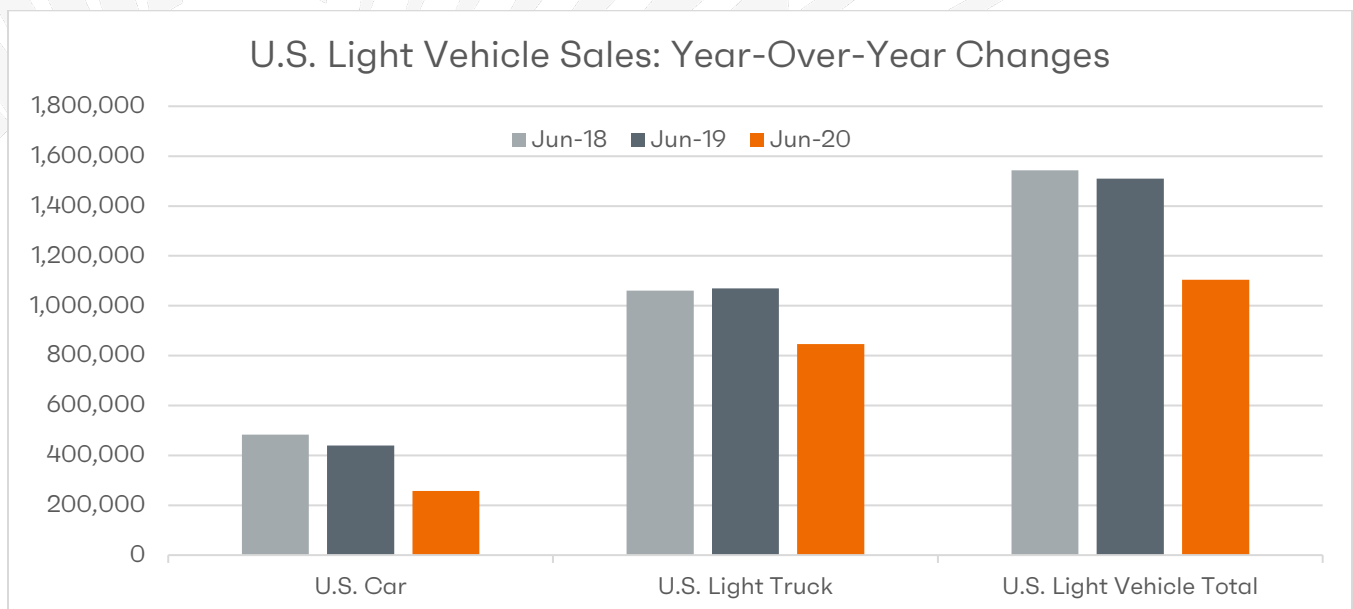
“Lease mix remains far below pre-virus levels with only 25.6% of consumers opting for a lease. For reference, nearly 32% of all consumers took leases in the same week in 2019.”



Monthly Sales ^{viii}

Year over year, June light vehicle sales are down 24% from 2019. The segment trend continues to favor light trucks over cars, with trucks capturing more three-quarters of the market (76.7%), and gaining nearly 6% market share over 2019, however the overall truck volume was down more than 223,000.

“Since they bottomed out in April from the impact of the Covid-19 pandemic, U.S. light-vehicle sales surprised slightly on the upside for the second straight month in June, but month-to-month growth slowed as expected and results remained well below pre-virus levels.” ^{ix}



Fleet Sales

WardsIntelligence: “Incentive activity likely is mostly responsible for estimated retail volume in June falling a relatively mild 6%, while fleet deliveries dropped a precipitous 73%.”^x

J.D. Power^{xi}: “Fleet sales of 92,775 represents a decline of 72% (-237k units) from May 2019. This represents a mix of only 8.2% of total sales.”

The baseline forecast from J.D. Power called for 13.4 million in retail sales and 3.4 million in fleet/other sales. With the revised forecast of 12.9-14.2 in total sales, fleet sales fall to a range from 1.6 million to 1.9 million, a decline of 44%-53% from the baseline.

J.D. Power Retail and Fleet Sales Forecast

	Pessimistic Forecast	Optimistic Forecast	Pre-COVID Baseline Forecast
Retail Sales Forecast (million)	11.3	12.3	13.4
Fleet/Other Sales Forecast (million)	1.6	1.9	3.4
Total Sales Forecast (million)	12.9	14.2	16.8
Fleet Percent of Total Sales	12%	13%	20%
Retail Percent of Total Sales	88%	87%	80%
Fleet Loss From Baseline of 3.4 (million)	-1.8	-1.5	-
Fleet Loss as % Baseline Fleet Sales	-53%	-44%	-
Fleet Loss as % Total Sales	-14.0%	-10.6%	-

Rental Fleets: “Rental volume, which would have accounted for roughly 10% of new-vehicle sales in a 16.8 million-unit market, has all but dried up, and not coming back until business and vacation travel does. Additionally, automakers are trying to fill existing commercial orders but might not be able to meet all orders for ’20 model-year vehicles if production can’t be ramped up fast enough – some could be delayed until the ’21 model year, if not create more cancellations.”^{xii}

Segments vs. Gas Prices (Updated 7/2)

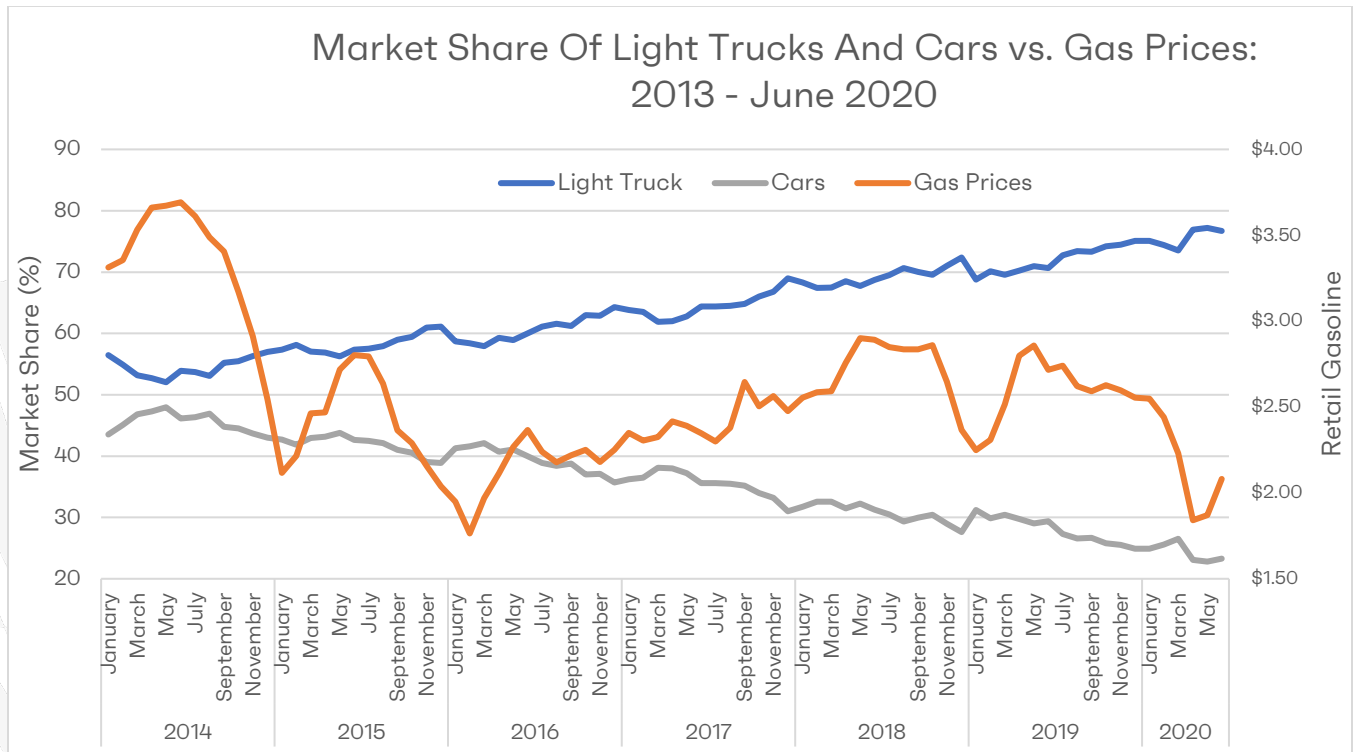
Monthly Sales For June: Light trucks accounted for almost 77% of sales in June, a nearly 6% gain in market share from a year ago.

Segment Breakdown: “In June, except for vans, all truck segment groups recorded better year-over-year comparisons than cars, which were down 39.2% year-over-year. After posting sky-high market share in April-May, sales of pickups – down 22.2% year-over-year - still improved market share in June to 18.7% from like-2019’s 18.3%. That was despite an inventory total entering the month 50% below year-ago, compared with a 28% decline for the rest of the industry. CUVs fared best among all segment groups in June, declining 13.0% from like-2019.”^{xiii}

Historic Perspective: The upward trend in the popularity of light trucks over cars has been steady since 2013, when only 2% of annual market share separated the two segments^{xiv} and gas was over \$3.00^{xv} a gallon. As fuel prices dropped below the \$3.00 mark in mid-September 2014, light truck sales

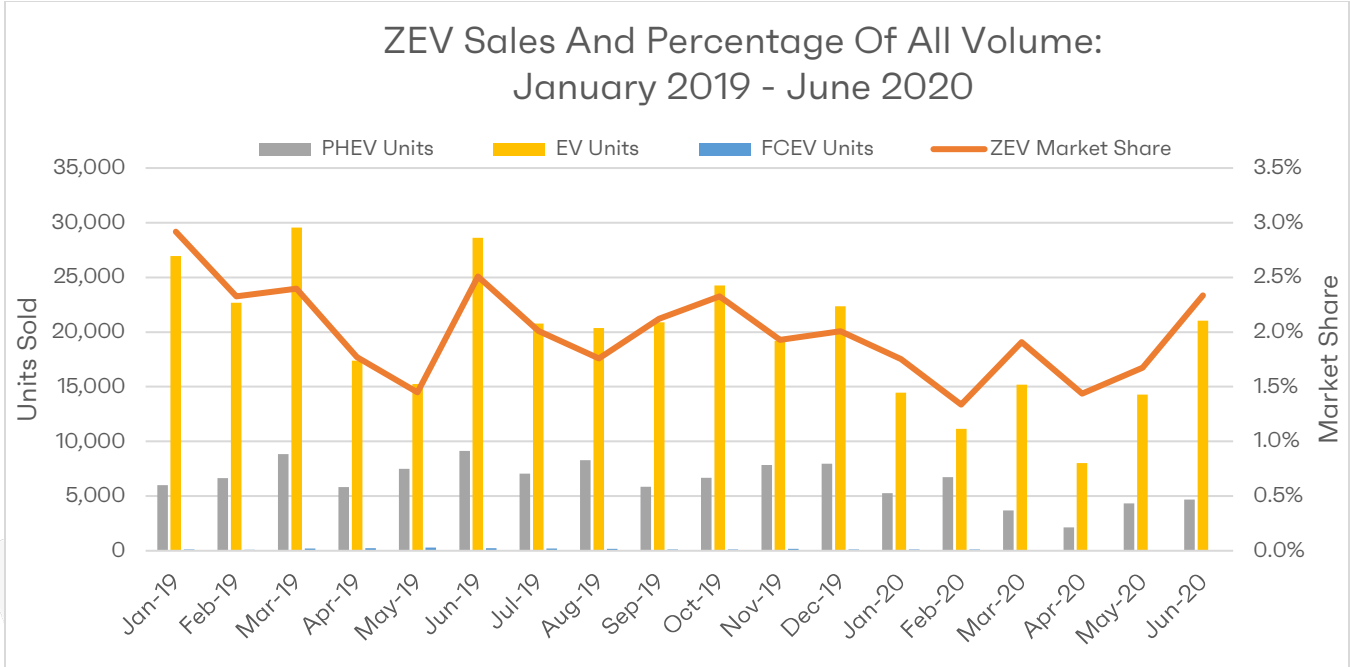
began to take off – and never looked back. Gas prices since have averaged only \$2.47 a gallon (through April 2020) and when combined with increased fuel economy for light trucks, an increase of 4 mpg since 2013^{xvi}, the perfect conditions existed to continue fueling light truck market growth.

As gas prices are predicted to average only \$1.58 through the summer season^{xvii} combines with generous incentives on trucks from manufacturers to offset COVID losses, a further hit to the car segment is entirely possible.



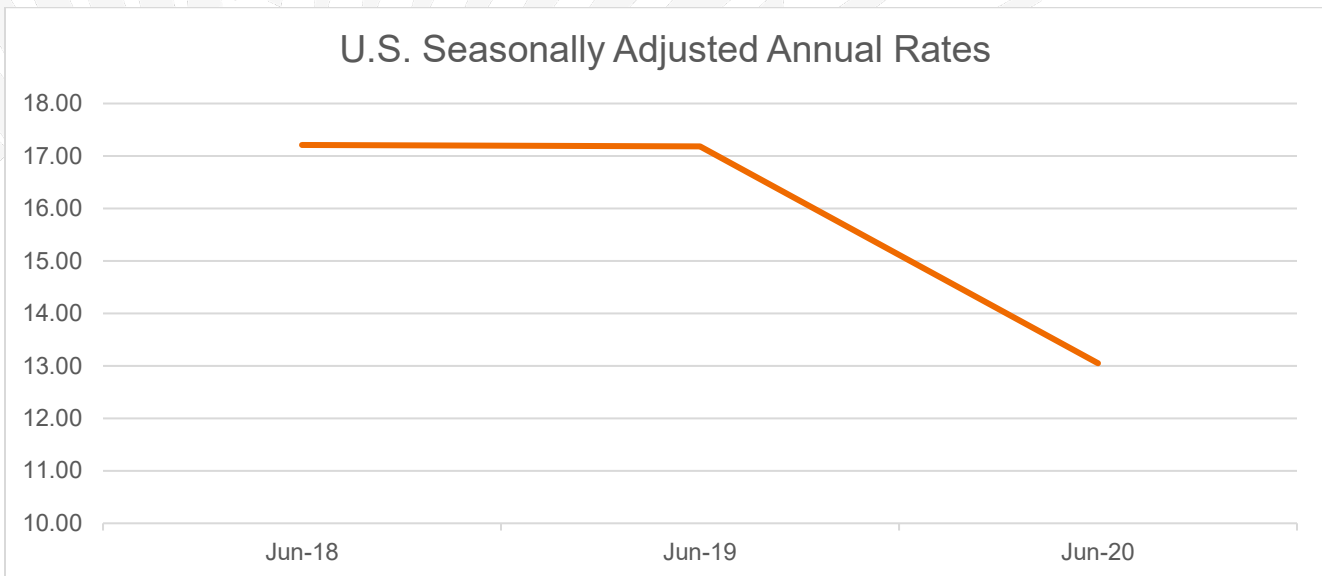
ZEV Powertrain Sales (Updated 7/2)

Sales of zero emission vehicles (BEV, PHEV, & Fuel Cell) accounted for only 2.3% of total vehicle sales in June 2020, down .2% from a year ago and up .7% from May 2020. Sales of battery electric vehicles led the way for ZEVs accounting for 1.9% of the total, up .3% from June 2019. Plug-in hybrids accounted for .4%, down .1% in market share, year-over-year.



Seasonally Adjusted Annual Rates (Updated 7/2)

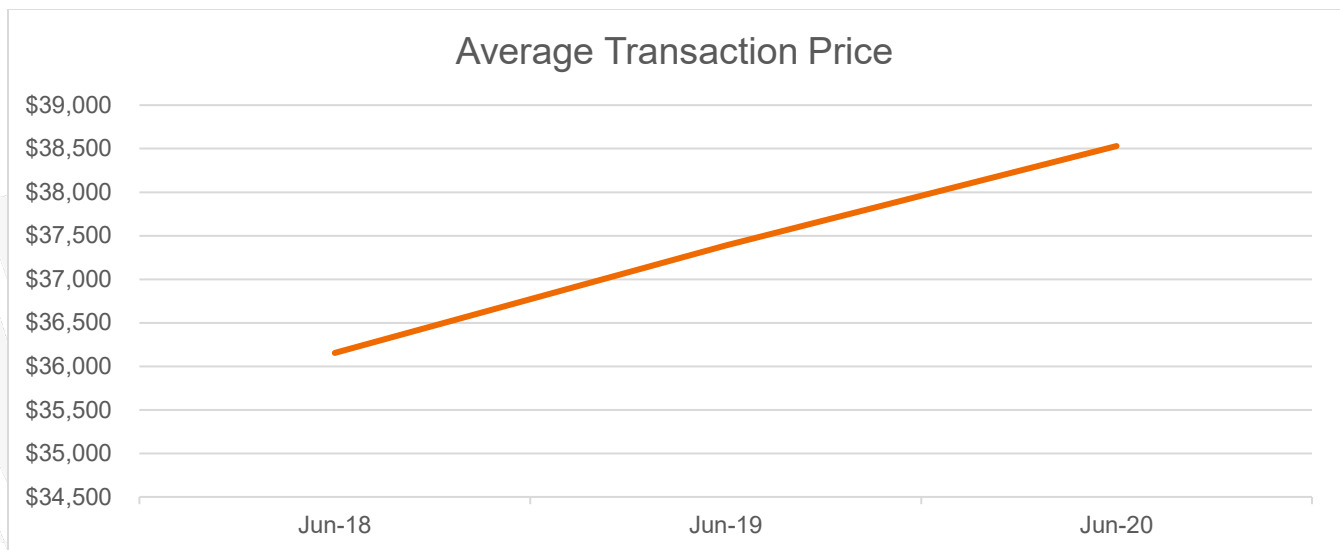
“U.S. light-vehicle sales totaled 1.10 million units in June, equal to a 13.1 million-unit seasonally adjusted annual rate. A significant improvement from May’s revised 12.3 million-unit SAAR but not like the month-to-month jump from April’s 8.7 million.”^{xviii}



Average Transaction Price (Updated 7/2)

Kelley Blue Book: “The valuation analysts at Kelley Blue Book today reported the estimated average transaction price for a light vehicle in the United States was \$38,530 in June 2020. New-vehicle prices increased \$1,141 (up 3.1%) from June 2019, while rising \$160 (up 0.4%) from last month.”^{xix}

Additional Insight From J.D. Power: “Customer-facing transaction price increased \$36 from last week to \$34,903 on increased premium nameplate mix. The result for the week ending June 28 is 3.0% higher than the same week in 2019.”^{xx}



Auto Loan Financing (Updated 7/2)

WardsIntelligence: “ALG’s initial estimate for June showed incentives were still ratcheted down from April when they soared 26% above the same year-ago month but remained relatively flat with May. However, incentives still were up a robust 9.2% year-over-year, compared with a smaller 3.2% increase for average transaction prices. Incentive activity likely is mostly responsible for estimated retail volume in June falling a relatively mild 6%, while fleet deliveries dropped a precipitous 73%.”^{xxi}

Financing Unchanged From Week Prior: After financing for the week of June 14, 2020 dropped to 4.32%, the lowest mark of the year on the 60-month new car financing interest rate, the week of June 24th saw the first increase in rates since the COVID crisis began. Rates for the week of July 1 are unchanged from the previous week. Rates are down .27% since the beginning of the year and down .44% from a year ago.^{xxii}

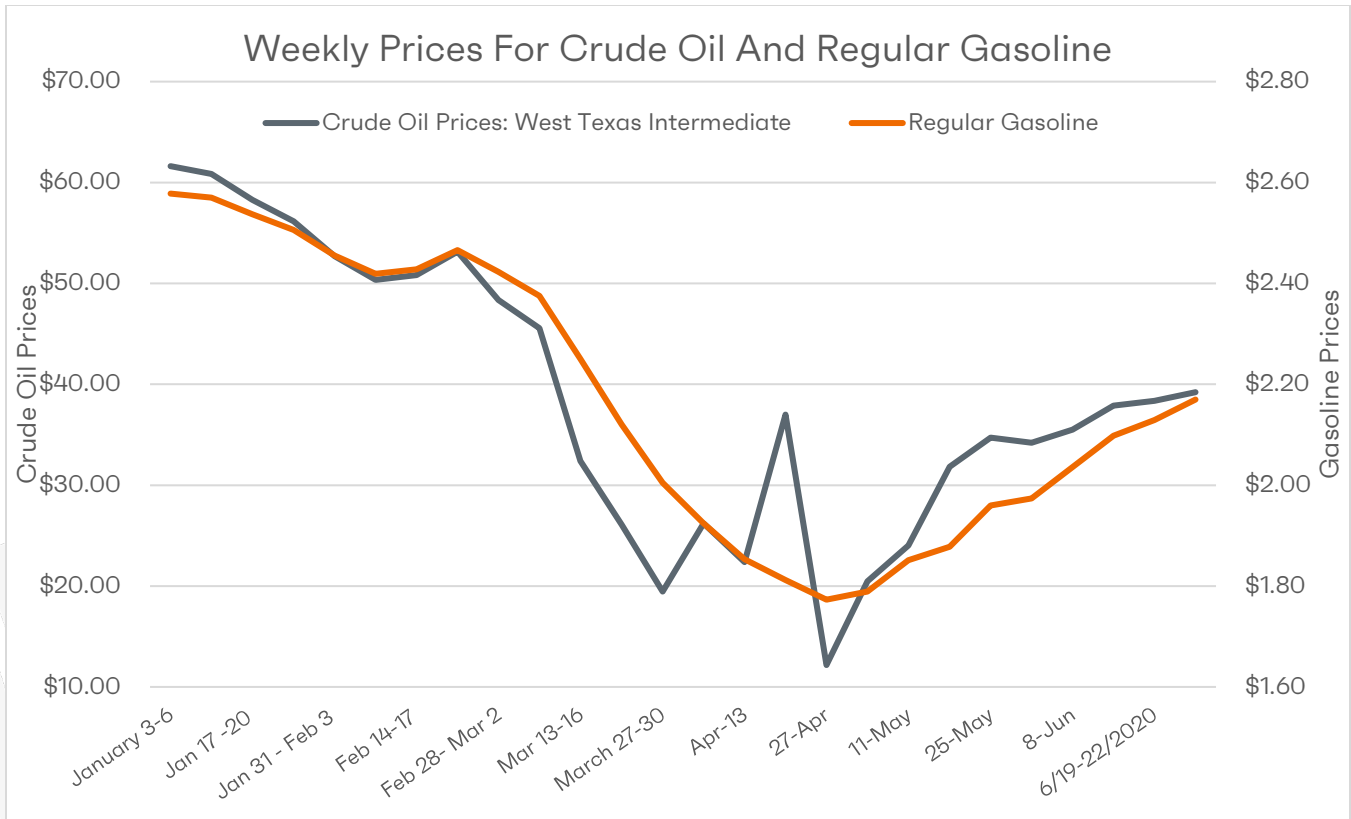
Additional Insight From J.D. Power: “Incentive spending per unit for the week ending June 28 was \$4,337, a decrease of \$6 from the prior week. 84-month APR mix of all retail sales fell a further 0.5ppts to 8.4%, its lowest mark since mid-March. Seven automakers quit supporting 84-month loan terms in June, leaving only five brands with supported 84-month terms in the market.”^{xxiii}

Auto Loan Financing			
Dates	60-month new car	48-month new car	36-month used car
7/1/2020	4.33%	4.33%	4.73%
6/24/2020	4.33%	4.33%	4.73%
6/17/2020	4.32%	4.30%	4.72%
6/10/2020	4.34%	4.38%	4.76%
6/3/2020	4.35%	4.32%	4.73%
5/27/2020	4.35%	4.32%	4.73%
5/20/2020	4.36%	4.33%	4.74%
5/13/2020	4.36%	4.34%	4.74%
5/6/2020	4.37%	4.35%	4.75%
4/29/2020	4.37%	4.35%	4.75%
4/22/2020	4.37%	4.35%	4.75%
4/15/2020	4.37%	4.35%	4.75%
4/8/2020	4.37%	4.35%	4.75%
4/1/2020	4.42%	4.39%	4.89%
3/25/2020	4.42%	4.38%	4.90%
3/18/2020	4.43%	4.39%	4.91%
3/11/2020	4.46%	4.42%	4.95%
3/4/2020	4.49%	4.45%	4.98%
2/26/2020	4.56%	4.51%	5.02%
1/2/2020	4.60%	4.55%	5.10%
6/12/2019	4.77%	4.71%	5.26%
One Week Change	0.00%	0.00%	0.00%
Two Week Change	0.01%	0.03%	0.01%
Change since 1/3/20	-0.27%	-0.22%	-0.37%
One Year Change	-0.44%	-0.38%	-0.53%

Crude Oil and Gas Prices (Updated 7/2)

Oil Forecasts For The Year Down More Than A Million Barrels A Day. “The U.S. cut its 2020 oil production forecast by more than 1 million barrels a day, as collapsing crude prices and plummeting demand threaten to shutter production in the country’s biggest fields. Production is expected to average 11.76 million barrels a day through December, down from a previous forecast of 12.99 million barrels, the Energy Information Administration said on Tuesday.”^{xxiv}

Oil And Gas Remain Low: Oil prices, as benchmarked at West Texas Intermediate, as well as gasoline prices, both continued their rebound in June. For the week of June 26, oil was up to \$39 while gas was up to \$2.17. Compared to the start of the year, crude oil is down 36%, while gas prices are down 16%.^{xxv}

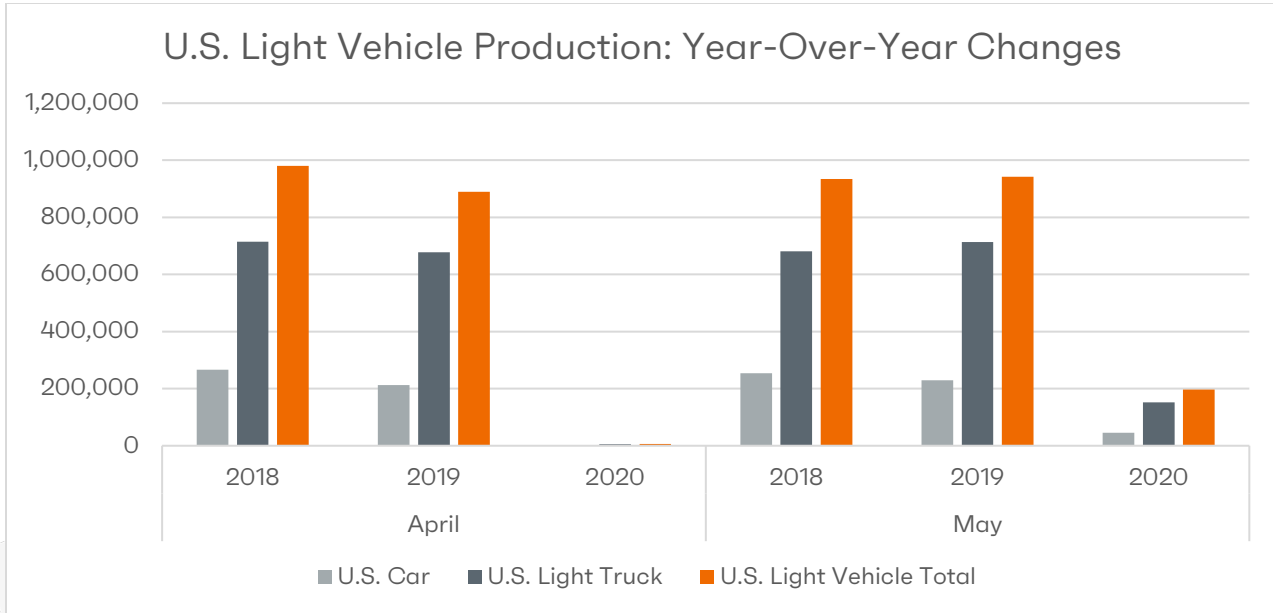


Production Meter

U.S. Light Vehicle Production (Updated 6/19)

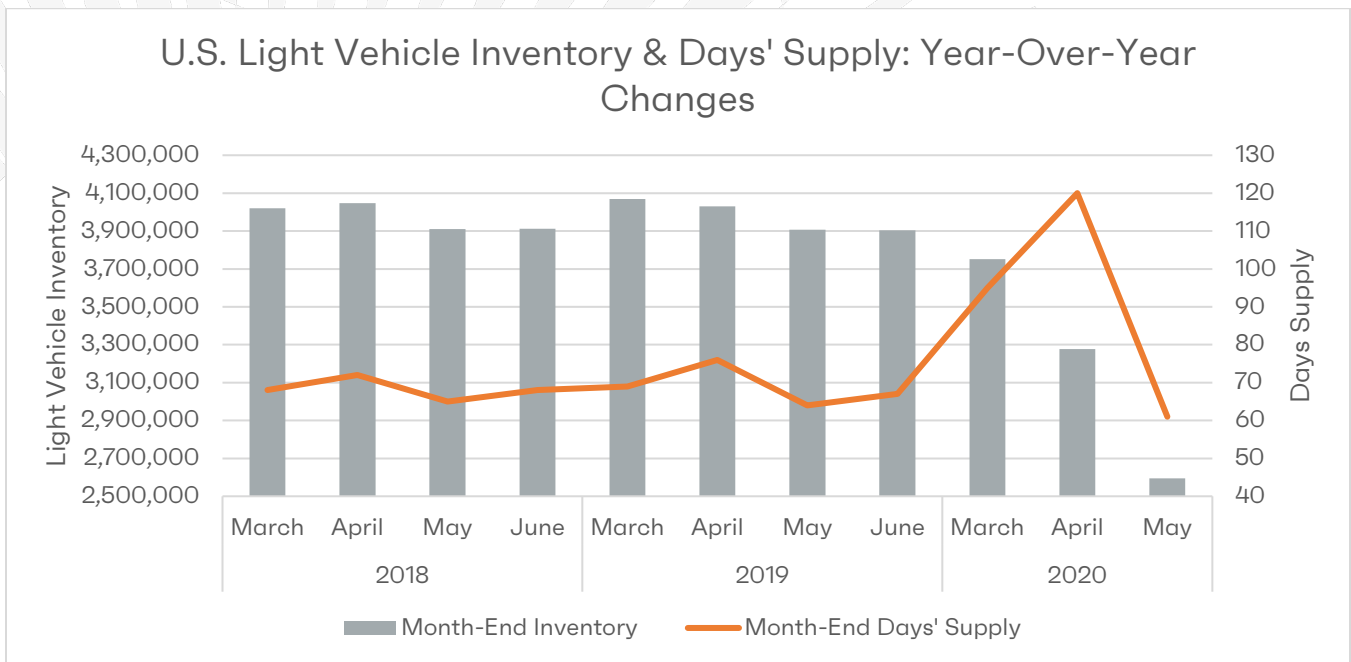
U.S. Light vehicle production dropped 79% year-over-year in May, and 83% in North America overall. While nearly all OEMs restarted production in the U.S. and across North America in the month, production was down, year-over-year, in the range of 70%-98% for manufacturers. The light vehicle production total for North America was less than 250,000 (57,660 cars; 190,942 light trucks), and for the U.S., less than 200,000 (45,151 cars; 151,688 light trucks)

“May’s weak performance caused the U.S. 5-month total to fall 41.7% below year-ago. . . . North American year-to-date production after five months totaled 4,028,697, 42.8% below like-2019’s 7,043,810.”^{xxvi}



U.S. Light Vehicle Inventory and Days' Supply (Updated 7/2)

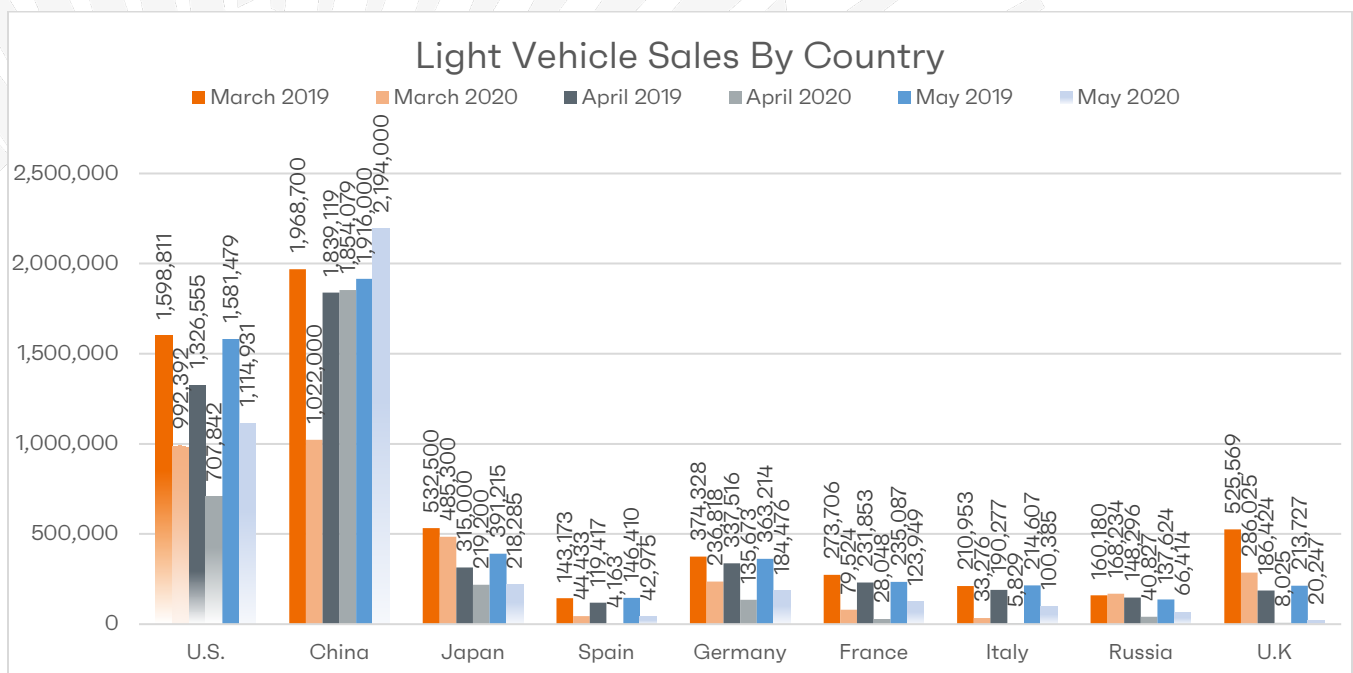
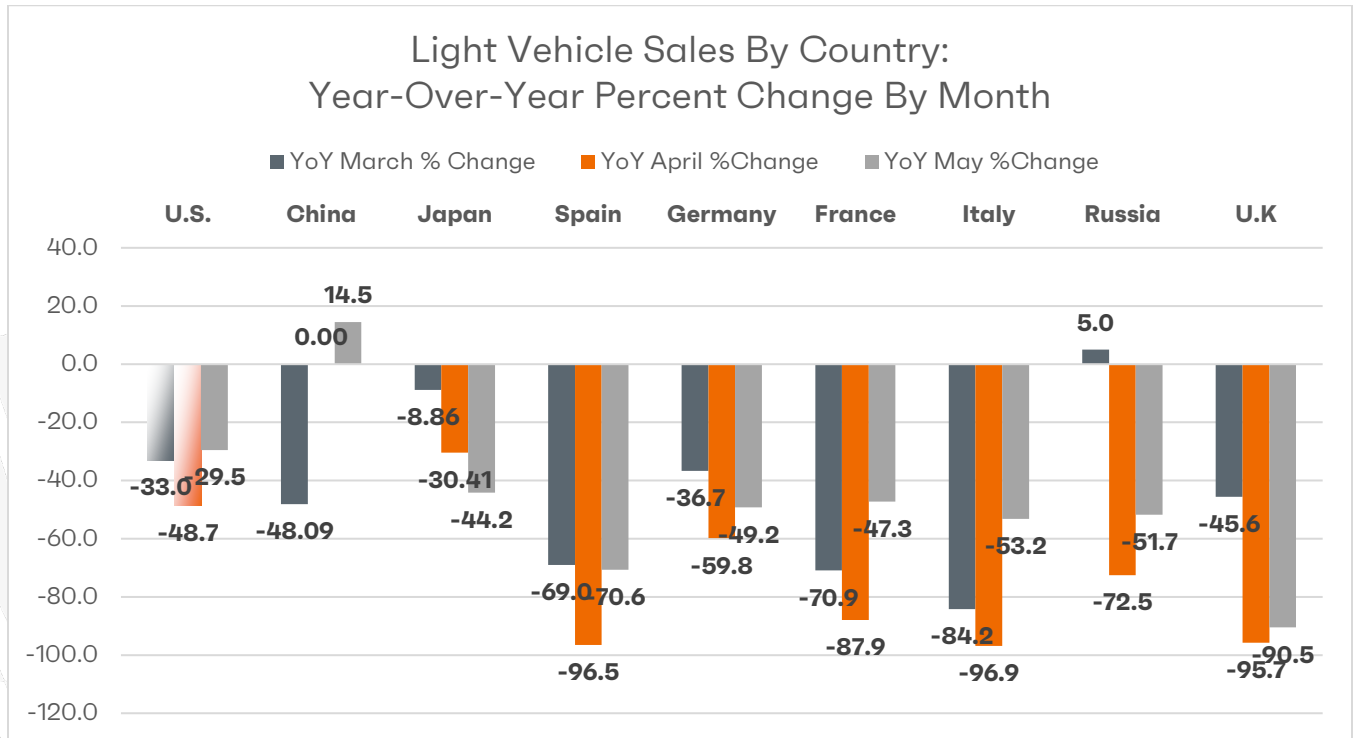
June Inventory Update: “Inventory of domestically made vehicles entered the month 40% below year-ago levels and June’s market share of 73.8% was the lowest for any month since 72% in April 2009. With import inventory holding up better - down 8% year-over-year - June deliveries of overseas-built vehicles fell just 9.2% year-over-year.”^{xxvii}



xxviii

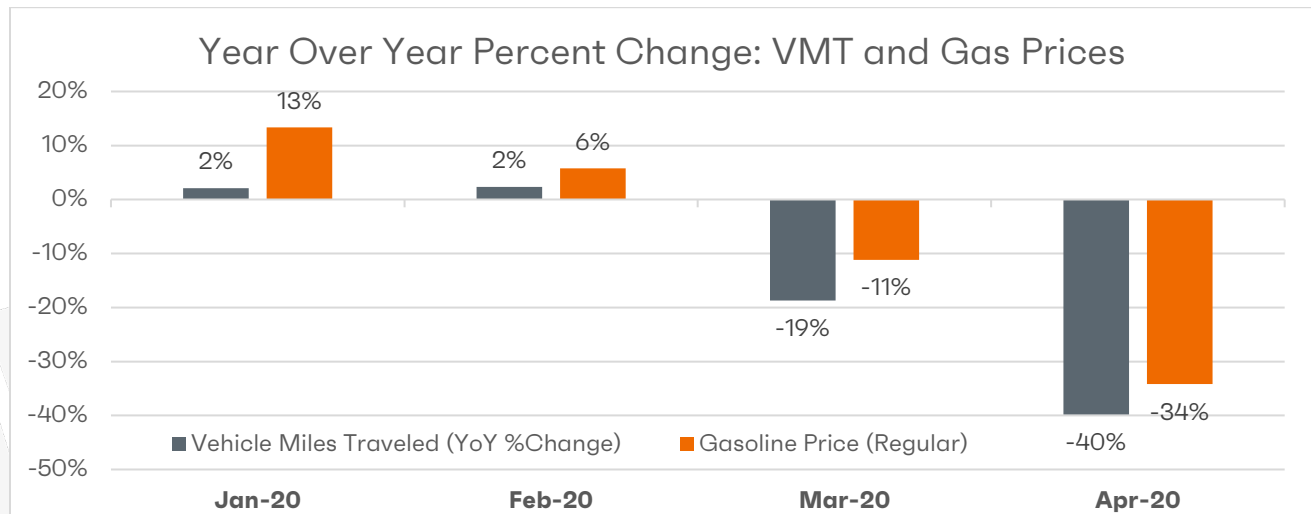
Global Meter (New 6/24)

Sales in select countries around the globe, including year-over-year percent change by month as well as raw volume by month:



Travel Meter (New 6/10)

“U.S. motorists drove less in April year-over-year, according to the Department of Transportation. Travel on all public roads fell 39.8% in April from the same month last year. Travel totaled 169.6 billion miles in April.”^{xxix}



- ⁱ WardsIntelligence, "U.S. Light Vehicle Sales, March," 4/1/2020; WardsIntelligence, "U.S. Light vehicle Sales, April," 5/1/2020
- ⁱⁱ Haig Stoddard, "COVID-19 Impact Will Tank March, Second-Quarter U.S. Light-Vehicle Sales," *WardsIntelligence*, 3/25/20; Haig Stoddard, "March 25 COVID-19 Update: 2020 North America Production, U.S. Sales Forecasts," *WardsIntelligence*, 3/30/20; Haig Stoddard, "U.S. Light-Vehicle Sales Start on the Road Back in May," *WardsIntelligence*, 5/21/20
- ⁱⁱⁱ Haig Stoddard, "COVID-19's Toll on North America Vehicle Production in March, Q2," *WardsIntelligence*, 3/30/20
- ^{iv} Haig Stoddard, "Covid-19: Revised Outlook for U.S. Light-Vehicle Sales in 2020, 2021," *WardsIntelligence*, 5/27/2020
- ^v Haig Stoddard, "Third-Quarter North American Production Outlook Improves as Automakers Get a Better Handle on Covid-19 Conditions," *WardsIntelligence*, 6/3/2020
- ^{vi} Source: WardsIntelligence, "U.S. Vehicle Sales by Vehicle Type and Source, 1931-2019," 2/11/20; Haig Stoddard, "Covid-19: Revised Outlook for U.S. Light-Vehicle Sales in 2020, 2021," *WardsIntelligence*, 5/27/20
- ^{vii} J.D. Power, "[Auto Industry Impact Report: June 21, 2020](#)," 7/1/2020
- ^{viii} WardsIntelligence, "U.S. Light Vehicle Sales, June 2020," 7/1/20; WardsIntelligence, "U.S. Light Vehicle Sales, June 2018, 7/3/18
- ^{ix} Haig Stoddard, "U.S. Light-Vehicle Sales Continue to Ramp-Up in June," *WardsIntelligence*, 7/1/2020
- ^x Haig Stoddard, "U.S. Light-Vehicle Sales Continue to Ramp-Up in June," *WardsIntelligence*, 7/1/2020
- ^{xi} J.D. Power, "J.D. Power Auto Industry Impact Report," 6/4/2020
- ^{xii} Haig Stoddard, "U.S. Light-Vehicle Sales Start on the Road Back in May," *WardsIntelligence*, 5/21/20
- ^{xiii} Haig Stoddard, "U.S. Light-Vehicle Sales Continue to Ramp-Up in June," *WardsIntelligence*, 7/1/2020
- ^{xiv} WardsIntelligence, "U.S. Light Vehicle Sales, January 2013 – December 2019"
- ^{xv} U.S. Energy Information Administration, "Weekly Retail Gasoline and Diesel Prices, Regular price per gallon, including taxes"
- ^{xvi} WardsIntelligence, "Fuel Economy Index, December 2013 & 2019"
- ^{xvii} U.S. Energy Information Administration, "Short-Term Energy Outlook," 4/7/20
- ^{xviii} Haig Stoddard, "U.S. Light-Vehicle Sales Continue to Ramp-Up in June," *WardsIntelligence*, 7/1/2020
- ^{xix} Kelley Blue Book, "Average New-Vehicle Prices Up 3% Year-Over-Year in June 2020, According to Kelley Blue Book," 7/1/2020; Kelley Blue Book, "Average New-Car Prices Up 3% Year-Over-Year for June 2019, According to Kelley Blue Book," 7/2/19
- ^{xx} J.D. Power, "[Auto Industry Impact Report: June 21, 2020](#)," 7/1/2020
- ^{xxi} Haig Stoddard, "U.S. Light-Vehicle Sales Continue to Ramp-Up in June," *WardsIntelligence*, 7/1/2020
- ^{xxii} Bankrate, "[Current Car Loan Interest Rates](#)," Accessed 6/24/20; Internet Archive, Bankrate, "Current Car Loan Interest Rates, cached image from July 24, 2019"
- ^{xxiii} J.D. Power, "[Auto Industry Impact Report: June 21, 2020](#)," 7/1/2020
- ^{xxiv} Stephen Cunningham, "U.S. Slashes 2020 Oil-Output Forecast Ahead of OPEC+ Meeting," *Bloomberg*, 4/7/20
- ^{xxv} U.S. Energy Information Administration, "Regular Gasoline," https://www.eia.gov/dnav/pet/pet_pri_gnd_dcus_nus_m.htm, Accessed 7/2/20; U.S. Energy Information Administration, "Daily Cushing, OK WTI Spot Price," <https://www.eia.gov/dnav/pet/hist/LeafHandler.ashx?n=PET&s=RWTG&f=WJ>, Accessed 7/2/20; YCharts, https://ycharts.com/indicators/wti_crude_oil_spot_price, Accessed 5/20/20
- ^{xxvi} Keith Lowe, "North America Decreases LV Production in May," *WardsIntelligence*, 6/18/2020; WardsIntelligence, "North America Production, May 2020," 6/18/2020
- ^{xxvii} Haig Stoddard, "U.S. Light-Vehicle Sales Continue to Ramp-Up in June," *WardsIntelligence*, 7/1/2020
- ^{xxviii} WardsIntelligence, "U.S. Light Vehicle Inventory, March 2020," 4/2/2020; WardsIntelligence, "U.S. Light Vehicle Inventory, April 2018," 5/3/18; WardsIntelligence, "U.S. Light Vehicle Inventory, May 2020," 5/21/2020; WardsIntelligence, "U.S. Light Vehicle Inventory, May 2018," 6/5/18; WardsIntelligence, "U.S. Light Vehicle Inventory, June 2020," 7/2/20; WardsIntelligence, "U.S. Light Vehicle Inventory, June 2018," 7/5/18
- ^{xxix} Chris Middleton, "U.S. April Motor Vehicle Travel Miles: Summary," *Bloomberg Government*, 6/8/2020